



FY 2021
PROGRAM PLAN
JUNE 2020

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PREFACE

The approach taken in this program plan for FY 2021 reflects the extraordinary circumstances of the COVID-19 pandemic crisis and its impact on our society, our economy, the housing market, and the programs and operations of the Authority. Because of ongoing regulatory and program changes, such as Ginnie Mae’s approach to loans in forbearance under the federal CARES Act, the Authority finds it necessary and prudent to take a conservative approach with this program plan, identifying planned allocations for only those programs and initiatives that are non-discretionary or that are of a high priority. Other allocations are also included in this program plan but are separately identified as “deferred.” This category of deferred allocations may be brought back to the Board for discussion and approval later in the program year when the availability of funds may be clearer.

FY 2021
PROGRAM PLAN

MULTI-FAMILY NEW PRODUCTION, RECAPITALIZATION, AND PRESERVATION PROGRAMS

This section includes all of the Authority'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 primary 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 reallocation of resources during the year is normal and does not require Board action, though significant departures from the allocation of resources described herein would be discussed with the Multi-Family Housing Committee. Reallocation of resources among the programs seems more likely in FY 2021 due to ongoing uncertainty caused by the COVID-19 pandemic and associated control measures, which have impacted development activity.

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 Credits (LIHTC), and a small percentage of the state's annual allocation of 9% LIHTCs.

Note: See table on next page for funding and measures plan.

FY 2021 Program Plan Narrative

Resource allocation projections for FY 2021 are 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 continues to explore ways to leverage state and federal resources in order to advance the Authority's mission more effectively.

Recapitalization and preservation program goals are held constant for FY 2021. These goals were lowered in FY 2020 because of the federal government's discontinuation of the Federal Financing Bank (FFB) program, which the Authority used to achieve strong program outcomes in this area. In spite of that lowered production goal, results fell short as staff struggled to identify alternative financing tools.

Other Program Narrative (deferred)

Two multi-family program-related expenditures of Authority Operating Funds are being deferred until staff can assess other competing demands on these funds later in the year. One such activity is the Authority's small loan program, which has been funded with \$750,000 in Operating Funds in recent years and has provided multi-family borrowers a streamlined option for small amortizing loans. While useful, this program is not in high demand, and comparable products are often available from private banks. The other deferred program activity is the use of \$1,000,000 in capital subsidy for supportive housing projects. The availability of these flexible funds has allowed for the development of numerous small supportive housing projects that could not have used more restrictive federal or state funds. Staff will make an assessment at mid-year to determine whether it would be prudent to use Operating Funds for this purpose.

Multi-Family New Production and Preservation Program

FY 2021

	Tax Exempt Bonds		9% LIHTC Competitive		Supportive Housing		Totals	
	Plan	Deferred	Plan	Deferred	Plan	Deferred	Plan	Deferred
RESOURCES (\$ in Thousands)								
<i>Long-Term Debt</i>								
Private Activity Bonds	\$68,500	\$0	\$0	\$0	\$0	\$0	\$68,500	\$0
Operating Fund	\$0	\$0	\$0	\$750	\$0	\$0	\$0	\$750
Loan Participations	\$0	\$0	\$6,000	\$0	\$0	\$0	\$6,000	\$0
<i>Low Income Housing Tax Credit (LIHTC)</i>						\$0		\$0
4% Equity Raised	\$5,667	\$0	\$0	\$0	\$0	\$0	\$5,667	\$0
9% Equity Raised	\$0	\$0	\$36,860	\$0	\$0	\$0	\$36,860	\$0
<i>Capital Subsidies</i>								
HOME	\$3,780	\$0	\$2,520	\$0	\$0	\$0	\$6,300	\$0
Operating Fund	\$1,000	\$0	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000
Affordable Housing Fund	\$5,100	\$0	\$520	\$0	\$1,270	\$0	\$6,890*	\$0
Housing Trust Fund	\$0	\$0	\$700	\$0	\$2,080	\$0	\$2,780	\$0
FAF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROGRAM MEASURES								
<i>Targeting</i>								
New Production Units	150	0	200	0	30	10	390	10
Preservation Units	150	0	50	0	0	0	200	0
Projects	6	0	8	0	5	2	17	2
Units at <60% AMI	70%	N/A	70%	N/A	70%	N/A	70%	N/A
General Occupancy Units	70%	N/A	70%	N/A	70%	N/A	70%	N/A
<i>Occupancy</i>								
% of Projects >95% Occupied	95%	N/A	95%	N/A	95%	N/A	95%	N/A
<i>Performance</i>								
% of Projects on Watch List	<10%	N/A	<10%	N/A	<10%	N/A	<10%	N/A
% of Projects on Critical Watch List	<2%	N/A	<2%	N/A	<2%	N/A	<2%	N/A

*Assumes new FY 2021 state appropriation of \$5,000,000.

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 Program

	FY 2021	
	Plan	Deferred
<u>RESOURCES (\$ In Thousands)</u>		
<i>Total</i>	\$20,000	\$0
Operating Funds	\$5,000	\$0
Line of Credit	\$15,000	\$0
<u>PROGRAM MEASURES</u>		
Units Financed	200	0

FY 2021 Program Narrative

Construction and bridge loans continue to be among the Authority’s most popular tools for the creation of new affordable housing. Below-market interest rates made possible by the Federal Home Loan Bank of Boston’s Helping to House New England (HHNE) program help borrowers balance their development budgets in the face of rising construction costs and stagnant subsidy resources. Projections for FY 2021 are held constant from last year. These projections assume the continued application of HHNE funds, including the \$500,000 the Authority expects to receive in the summer of 2020 to buy down construction and bridge loan interest rates.

Other Program Narrative (deferred)

Construction and bridge loans are relatively short-term and are always secured, generally with a first mortgage position. These loans are characterized by low risk of loss and they provide the Authority with a financial benefit. Accordingly, none of the planned program activity for FY 2021 is set to be deferred.

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 2021	
		Plan	Deferred
RESOURCES (\$ In Thousands)			
	Operating Fund	\$291	\$0
	State Lead Funds	\$1,000	\$0
	Federal Funds	\$1,186	\$0
PROGRAM MEASURES			
	Inspections / Risk Assessments	100	0
	Units Completed	85	0
	Community Outreach Events	15	0
	Skills Training	60	0

FY 2021 Program Narrative

The fifth grant cycle began in FY 2018 and will continue through CY 2020, ending in FY 2021. Staff expects another notice of federal funding availability to be issued in the summer of 2020 and plans to apply for another three-year grant which would allow for the uninterrupted continuation of this successful program. Additionally, state funds are available to supplement the federal grant funds for the first time thanks to an appropriation made during the 2019 legislative session. Staff used these state funds to extend and broaden the program's reach. Staff increased program goals in terms of inspections and units completed because of the additional state funds. Goals for community outreach were lowered because of limitations on public gatherings, but staff is working on other methods for increasing awareness of the program.

Other Program Narrative (deferred)

No program activity is being deferred. The Authority operating funds are included in the plan to provide required matching funds for the federal grant.

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 2021	
	Plan	Deferred
RESOURCES (\$ In Thousands)		
Federal Funds – Rent Assistance	\$53,500	\$0
PROGRAM MEASURES		
Complete Management Occupancy Review	95%	N/A
Review and Pay Monthly Vouchers	95%	N/A
HAP Contract Renewals, Terminations, and Expirations	95%	N/A

FY 2021 Program Narrative

PBCA program operations were, and continue to be, affected by the social distancing measures associated with the COVID-19 pandemic. Management and Occupancy Reviews (MORs) scheduled for April, May, and June were cancelled. Staff accelerated its efforts to establish digital tools and protocols to facilitate remote file reviews, allowing much of the work necessary for MORs to take place without visiting the properties. As a result, the Authority is well positioned to complete the cancelled MORs in the first two quarters of FY 2021. HUD periodically discusses the possibility of moving forward with its longstanding plans to re-procure PBCA services across the country. Staff will continue to watch for any indication that HUD is moving forward with these plans.

Other Program Narrative (deferred)

No program activity is planned for deferral, though full resumption of MORs is contingent upon conditions related to the pandemic, HUD guidance, and the cooperation of property owners and managers. Thus far HUD has not been as flexible as hoped in allowing alternative approaches to file review and site inspections, and will not pay PBCAs for MORs unless they are completed substantially in accordance with work plans that were written before the pandemic and are no longer appropriate. If HUD does not compromise, the Authority may be unable to complete all MORs or may choose not to for the safety of its employees and residents in the assisted properties, resulting in a possible loss of revenue.

SECTION 811 PROJECT RENTAL ASSISTANCE (PRA)

The Section 811 Supportive Housing for Persons with Disabilities Project Rental Assistance (PRA) program is a partnership between the Authority 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 2021	
	Plan	Deferred
RESOURCES (\$ In Thousands)		
Federal Funds – Rent Assistance	\$720	\$0
PROGRAM MEASURES		
Complete Management Occupancy Review	10	0
Number of New Units Assisted	60	0

FY 2021 Program Narrative

The 811 PRA program is permanent rental assistance that is placed in units that are committed to the program by Authority developer partners. This program is administered through a partnership between the Authority and DHHS to provide persons with severe mental illness with affordable, supportive housing. The Authority works with developers and property owners to commit units to the program and administers the voucher payments on leased units. DHHS refers eligible applicants to vacant units throughout the state. To date, 117 units are under contract for the program, and 16 more units are committed in new projects for a total of 133 committed units. FY 2020’s program goal of 80 units was achieved in spite of slowed activity during the fourth quarter as a result of the COVID-19 pandemic and associated control measures. Recognizing that referrals are likely to be slower for some months, the program goal has been revised downward to forecast 60 new individuals or families being placed in 811 units during FY 2021.

Other Program Narrative (deferred)

No program activity is being deferred.

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

Mortgages are purchased from participating lenders and originators (collectively “lenders”) and processed through one of two loan programs:

- 1) **Ginnie Mae (“Home Flex”)**: Government-backed mortgages that are pooled into taxable Ginnie Mae Mortgage Backed Securities (MBS), which the Authority sells to MBS investors.
- 2) **Fannie Mae (“Home Preferred”)**: Conventional loans with mortgage insurance that are sold loan-by-loan to Fannie Mae.

Both programs include a cash assistance option and both programs generate funds in the secondary market that in turn fund loans and cash assistance. Due to its HFA status, the Authority is able to offer unique loan programs in both Home *Flex* and Home *Preferred*.

Home Flex GNMA MBS Program

		FY 2021	
		Plan	Deferred
<u>RESOURCES (\$ In Thousands)</u>			
Mortgage Purchases		\$185,000	\$0
<u>PROGRAM MEASURES (\$ In Thousands)</u>			
Loan Purchases		820	0
Average Beneficiary Income		80% SMI	N/A
Average Loan Amount		\$225	0

Home Preferred FNMA Program

		FY 2021	
		Plan	Deferred
<u>RESOURCES (\$ In Thousands)</u>			
Mortgage Purchases		\$36,000	\$0
<u>PROGRAM MEASURES (\$ In Thousands)</u>			
Loan Purchases		180	0
Average Beneficiary Income		80% SMI	N/A
Average Loan Amount		\$203	0

FY 2021 Program Narrative

The Authority will continue to offer a suite of residential mortgage programs that are consistent with its mission and run two business channels—Participating Lender and Participating Originator. These homeownership programs leverage advantages that are provided to state housing finance agencies (HFA). 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. Unfortunately, there were, and will likely continue to be, changes and challenges to the HFA advantages. For example, the FHA will be issuing new guidelines on Cash Assistance Mortgages, which could be benign or could require significant adaptation.

In setting the FY 2021 loan volume goals, Homeownership and Finance looked at projected market conditions, reviewed program criteria, analyzed financial options, surveyed lenders, and spoke with real estate professionals. Given the impact and uncertainty concerning COVID-19, it is difficult to accurately predict loan volume for FY 2021. Some partners predict a robust market while others predict a lower-volume market. Additionally, volume will be impacted by various factors with some uncertainty about the impact of forbearance risk, credit overlays, other external changes, and secondary-market factors.

In terms of the real estate market, all partners agree that low- and moderate-income homebuyers will continue to face a very difficult market. The market challenges that were present in FY 2020 will persist in FY 2021, namely lack of affordable inventory. In terms of the secondary market, uncertainty prevails. The Federal Reserve had to step in to bring back liquidity. Additionally, Fannie Mae’s number one goal is recapitalization, which means a diminished commitment on its part to low- and moderate-income homebuyers.

The FY 2021 loan volume goals reflect this uncertainty and thus are:

- 5% less than the FY 2020 loan volume goals; and
- 20% less than the actual FY 2020 loan volume.

With all this uncertainty, and to have another mortgage execution, staff will be ready to re-launch the mortgage-revenue program when a bond program makes financial sense for the Authority and borrowers.

As with FY 2020, staff will work to meet and exceed volume goals. Staff will also remain vigilant about staying 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 the Authority’s larger mission.

HOMEBUYER TAX CREDIT (HBTC)

The Home Start Homebuyer Tax Credit Program makes homeownership more affordable for first-time homebuyers. An eligible homebuyer receives a Mortgage Credit Certificate (MCC) from the Authority for an annual 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 HBTC can decrease the income taxes owed by the homebuyer, increasing take-home pay that can be used to help pay the mortgage. It is one of the Authority’s key mission-based programs that provides significant benefits to low- and moderate-income first-time homebuyers.

Homebuyer Tax Credit

	FY 2021	
	Plan	Deferred
RESOURCES (\$ In Thousands)		
Tax-Exempt Bond Capacity	\$30,000	\$0
PROGRAM MEASURES		
MCCs Issued	560	0

FY 2021 Program Narrative

In FY 2021 staff estimates approximately 560 homebuyers will receive an MCC, collectively providing nearly \$1 million in reduced income tax liability for MCC holders during the first full year of ownership. The number of MCCs tracks a percentage of the loan volume, and the reasons that impact loan volume also impact MCC volume.

SPECIAL HOMEOWNERSHIP PROGRAMS

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 address new issues and opportunities that directly relate to the Authority’s homeownership mission.

Special Homeownership Programs

	FY 2021	
	Plan	Deferred
<u>RESOURCES (\$ In Thousands)</u>		
<i>Housing Loan Trust (HLT)</i>		
Habitat Loans	\$75	\$0
Housing Loan Trust Initiatives	\$150	\$0
<i>Operating Fund</i>		
Emergency Home Repair Loans (EHRL)	\$100	\$0
Special Initiatives	\$75	\$50
Accessibility Program	\$125	\$50
Program Marketing and Promotion	\$300	\$50
<u>PROGRAM MEASURES</u>		
Habitat Loans Closed	5	0
Average Beneficiary Income	60% SMI	N/A
EHRL Loans Closed	10	0
Average Beneficiary Income	80% SMI	N/A

FY 2021 Program Narrative

Habitat Loans (\$75,000 plan)

The Authority works with Habitat for Humanity affiliates to make homeownership possible for low- and moderate-income borrowers by providing \$15,000 in down payment assistance. Habitat affiliates choose the homebuyer and then work with the homebuyer as they construct their new home. Once the home is completed, the Authority uses Housing Loan Trust (HLT) funds to provide homebuyers with a zero percent, non-amortizing, second mortgage loan, which is due on sale, refinance, or when the property is no longer owner-occupied. Volume varies based on the activity of the Habitat affiliates.

Housing Loan Trust (HLT) Initiatives (\$150,000 plan)

HLT funds are state-provided funds that are governed by RSA 204-C:64-70. The funds can be used for downpayment assistance, closing costs, other fees associated with a home purchase, or to assist with eligible improvements to a home. Homeownership and Assisted Housing staff are exploring using HLT funds to help Housing Choice Voucher homeowners perform repairs. Staff periodically makes allocations to nonprofit partners upon approval of applications. If there are any such ideas to better utilize the funds, staff would review them and present them to the Homeownership Committee and the Board.

Emergency Home Repair Loans (EHRL) (\$100,000 plan)

The Emergency Home Repair Loan (EHRL) program uses Authority-generated funds to provide low-interest loans for emergency home repairs to existing Authority borrowers. Typical EHRL repairs are new roofs, heating system replacements, and septic repairs. Homeownership and Servicing work together to address borrower needs because staff do not want an emergency to thwart continued ownership.

Special Initiatives (\$75,000 plan, \$50,000 deferred)

Traditionally, the Board has allocated funds that allow the Authority to fund:

- 1) The Homeownerships Fellowship: Due to the uncertainty of COVID-19, the Authority will not offer the fellowship program in FY 2021. Hopefully, this program can be resumed in FY 2022.
- 2) Targeted homeownership initiatives: For example, the Authority has supported the New Hampshire Community Loan Fund's manufactured housing in-fill initiative. Staff presents recommendations to the Board for targeted initiatives.

Special Initiative funding has been reduced from \$125,000 in FY 2020 to \$75,000 in FY 2021 to reflect the suspension of the fellowship program and an overall reduction. Should specific needs arise and should "deferred" resources be available, staff will ask the Board for additional funding.

Accessibility Program (\$125,000 plan, \$50,000 deferred)

The Authority will continue to work with Granite State Independent Living (GSIL) to provide need-based, accessible, home improvement grants to homeowners in need of accessibility modifications and repairs. GSIL evaluates applicants, determines accessibility needs, leverages the Authority funds with other GSIL funds, and oversees the work. This initiative has been a highly successful partnership for the Authority, GSIL, and the people who need accessibility improvements.

Typical 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 GSIL's approval. Between 20 to 30 households will be served through this program in FY 2021.

In FY 2020, the Authority awarded GSIL \$175,000 for this program (\$125,000 in the FY 2020 Program and \$50,000 of supplemental funding to meet the need.) In FY 2021, funding is set at \$125,000. If GSIL uses the entire \$125,000 and "deferred" resources are available, staff will ask the Board for additional funding.

Program Marketing and Promotions (\$300,000 plan, \$50,000 deferred)

The Authority runs various homeownership programs including mortgage loans, cash assistance, and Mortgage Credit Certificates (MCC). To help run these programs, the Authority allocates resources to an existing business development strategy for the programs. This strategy includes managing lender relationships and advertising to borrowers.

In FY 2021, staff will continue to implement a comprehensive business development plan which will include a review of all Marketing and Promotion allocations. Given the new reality of the COVID-19 crisis, the FY 2021 business development plan may need to rely on web-based technologies and a digital business development strategy, including:

- 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.
- Implement a Customer Relationship Management (CRM) software system designed to enhance the Business Development team in effectively engaging business partners, both face-to-face and virtually.
- Investigate and review the current digital marketing platforms, including websites, to seek ways to improve Authority online education and outreach to both borrowers and lenders through virtual tools such as webinars, online conferencing, and video.
- Lastly, staff seeks to increase the role the Participating Originator (PO) channel plays within the Homeownership Division's loan volume goals. The unique lending component may provide the Authority with opportunities to convert more in-house referrals into loans. Staff will investigate ways to increase PO volume while respecting the unique role the Authority plays in financing low- and moderate-income homebuyers in the state.

The FY 2021 \$300,000 plan represents a \$50,000 reduction from FY 2020. Staff assume the \$300,000 should be sufficient, but the \$50,000 has been included in the deferred column should additional resources be available later in the fiscal year.

HOMEBUYER/HOMEOWNER EDUCATION AND COUNSELING (HBEC)

This program provides resources to nonprofits so they may provide homebuyers and homeowners with pre- and post-purchase education and counseling services. This work is coordinated with the Authority’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 2021	
	Plan	Deferred
RESOURCES (\$ In Thousands)		
Operating Funds	\$250	\$50
PROGRAM MEASURES		
Number of Counseling Related Positions	4	1
Homebuyers/Homeowners Counseled*	1,120	280

**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 2021 Program Narrative

The key words for funding housing counseling in FY 2021 will be “flexibility” and “communication.” The core goals indicated below will remain. The Authority and the counseling agencies will need to determine how to help borrowers, given the challenges with CARES Act forbearances and other COVID-19 impacts. Additionally, there may be potential additional federal funds for counseling due to COVID-19.

Core counseling goals are 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 the Authority’s homeownership programs.
- Provide outreach to the public about the value of counseling and the Authority’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.

In addition to supporting HBEC, the Authority will support 2-1-1 NH, which provides intake and referral services for HBEC and for Granite State residents who have other housing challenges.

Staff recognizes that COVID-19 could require different types of counseling services or additional funds to serve more people. For example, the focus might change from pre-purchase counseling to post-

purchase counseling to address forbearance or foreclosure. Staff has communicated to the counseling agencies that the program might require the agencies to adjust their focus. Should the counseling needs increase or change, and those needs are not addressed by state or federal funds, then staff may seek Board approval for additional funding under the “deferred” column.

MANUFACTURED HOUSING IN-FILL

This program is designed to provide 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 2021	
		Plan	Deferred
<u>RESOURCES (\$ In Thousands)</u>			
	Operating Funds	\$0	\$500
<u>PROGRAM MEASURES</u>			
	Homes Placed	0	10

FY 2021 Program Narrative

The up-front cost of purchasing and placing a manufactured home within a ROC is an impediment to filling vacant pads in existing cooperatively owned parks. In New Hampshire there are 132 ROCs with 8,100 existing manufactured homes and approximately 300 vacant sites that would potentially be available for in-fill. The vacant pads represent an opportunity to increase the supply of affordable homes as well as a mortgage lending opportunity for the Authority. 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 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, in-fill 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.

In FY 2020, staff worked on this financing vehicle with limited initial success. However, depending on future determination of resource availability, an option with a community bank presents a possible solution, and staff would also reengage the Community Loan Fund.

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 the Authority pays the rest directly to the landlord. The HCV program is operated on a calendar year basis.

Housing Choice Voucher Program

	CY 2020
	Plan
<u>RESOURCES (\$ In Thousands)</u>	
HUD – Calendar Year Funding (CY)	\$33,842
<u>PROGRAM MEASURES</u>	
Total Vouchers Administered*	3,869
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 2020 Program Narrative

Based on HUD guidance the HCV and Mainstream programs were merged in 2020 for tracking purposes. Although the HUD CY 2020 budget is not sufficient to serve the combined number of participants in those two programs while still maintaining a 99% lease up and utilization rate, reserves are available to cover a shortfall. Staff 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 2020.

HUD has provided through the CARES Act additional funding to cover increased costs due to COVID-19, as well as additional administrative fees to cover costs associated with the pandemic. An additional award of 57 Mainstream vouchers will be made available under the CARES Act on August 1, 2020.

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 2021	
		Plan	Deferred
RESOURCES (\$ In Thousands)			
	Operating Funds	\$0*	\$212
PROGRAM MEASURES			
	Households Assisted	0	125

FY 2021 Program Narrative

Staff are not allocating operating funds to the Emergency Housing Program (EHP) for FY 2021. The Department of Health and Human Services may be providing the Community Action Program (CAP) agencies with additional funding through the Emergency Solutions Grant (ESG) funds from HUD. ESG funding will be used for short term rental assistance, rapid re-housing for homeless individuals, and prevention for at-risk households.

*The FY 2021 plan includes a carryover of \$180,000 of the \$200,000 that was authorized in March 2020 for COVID-19 rent relief. An additional 100 households are expected to be assisted with these funds.

Other Program Narrative (deferred)

The FY 2021 EHP program funding covers October 1, 2020 through September 30, 2021. These funds will be recommended if additional ESG funds are not sufficient to meet demand or will not be available through the full EHP program year.

FAMILY SELF SUFFICIENCY (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 2021	
	Plan	Deferred
RESOURCES (\$ In Thousands)		
Operating Funds	\$6	\$20
PROGRAM MEASURES		
Number of grants awarded	18	50
Number of loans	0	2
Number of homeowners receiving home repair grants	0	0

FY 2021 Program Narrative

In FY 2020 program funds were insufficient to approve all FSS grant applications and a waiting list was created. The FY 2021 plan includes \$6,000 to cover the existing waiting list and provide for a small number of new grants for items such as computers, and education and employment related expenses.

The FY 2021 plan also includes \$4,000 to allow for any carryover of the Home Repair Grant funding due to COVID-19 contractor delays. There are no funds allocated for home repair grants in FY 2021. Staff is working with the Homeownership Division to explore using Housing Loan Trust (HLT) funds to help Housing Choice Voucher homeowners perform repairs.

Other Program Narrative (deferred)

Should funding become available later in the year, the budget allocation may be increased to a total of \$20,000, subject to Board approval.

HUD HOUSING COUNSELING PROGRAM

The Authority 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 2021	
	Plan	Deferred
RESOURCES (\$ In Thousands)		
HUD Housing Counseling Grant	\$144	\$0
PROGRAM MEASURES		
# Participating Housing Counseling Agencies and Branches	8	0
# Households Receiving Homeownership Education and/or Counseling	1,000	0
# Households Receiving Rental Counseling and/or Financial Education	1,000	0
# Households Receiving Post-Purchase and/or Foreclosure Counseling	350	0
% Households Below 50% of AMI	60%	N/A
% Households Purchasing Homes	5%	N/A

FY 2021 Program Narrative

FY 2020 funding for the HUD Comprehensive Housing Counseling Program was reduced by \$32,000. The last two funding cycles had decreases totaling \$158,450 and as a result we will be re-evaluating our role as intermediary prior to the next round of funding. Participation in pre-purchase education and counseling have decreased as a result of the Governor’s stay-at-home order. Home purchases are also expected to be lower this year. The number of homeowners seeking foreclosure counseling is anticipated to increase in FY 2021 due to the impact of COVID-19 on employment.

Other Program Narrative (deferred)

No funding is being deferred for this program.

HOUSING AWARENESS RESEARCH AND ADVOCACY

This program supports an array of critical education tools designed to improve public understanding of New Hampshire’s housing challenges and encourage actions at the local, regional, and state levels to help expand the supply of housing available to all of New Hampshire’s people.

Housing Research Awareness and Advocacy

	FY 2021	
	Plan	Deferred
RESOURCES (\$ In Thousands)		
Operating Funds	\$290	\$145
PROGRAM USES (\$ In Thousands)		
Mini Conferences and Events	\$15	\$0
Housing Related Studies	\$50	\$50
Housing Partnership Grants	\$175	\$50
Education for Local Governmental Bodies	\$10	\$15
Housing Needs Assessment	\$40	\$0
Videos for Housing Advocacy	\$0	\$30

FY 2021 Program Narrative

Mini Conferences (\$15,000 plan)

Mini Conferences have become a very popular way to provide training and a forum for Authority 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 2021 include fair lending practices, and Fair Housing (e.g., reasonable accommodations, support/assistive animals, Limited English Proficiency) presented by NH Legal Assistance.

Housing Related Studies (\$50,000 plan, \$50,000 deferred)

The opportunity to conduct various Housing Related Studies throughout the year allows the Authority to be a leader in providing information on housing related issues. Topics that could be explored include continued work on fiscal modeling of different land uses, analysis of the use of inclusionary zoning by municipalities, and analysis of the occupancy of multi-bedroom units.

Housing Partnership Grants (\$175,000 plan, \$50,000 deferred)

The use of Housing Partnership Grants will focus on the advocacy activities that are carried out by Authority partners as well as 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 and housing development organizations are not eligible for funding. Municipalities and regional planning commissions are eligible only for Mini Grants, except that grants are not to be used to conduct regional housing needs assessments.

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 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 will 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 (\$10,000 plan, \$15,000 deferred)

Staff will work with partners, such as 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.

Housing Needs Assessment (\$40,000 plan)

Following up on work already done to establish a market baseline in late 2019, staff will engage a consultant to evaluate ongoing trends in the housing market as society responds to the coronavirus pandemic crisis, and as the economy ultimately moves to recovery. A final report outlining market trends will be completed in late FY 2021. This work is also expected to support the completion of the new Consolidated Plan.

Videos for Housing Advocacy (\$30,000 deferred)

Staff is building and managing a library of housing-related testimonials, profiles and stories in written, photographic and video formats regarding the need for, and success of, certain state housing policies (e.g., the workforce housing law, the ADU law, housing coalition successes, etc.). To capture these stories on video with the intention of using and distributing them widely for a variety of purposes—stand-alone video shorts, clips for social media, posting on the NHHFA.org website, advertising, sharing with partners, including in presentations, etc.—staff will identify people and organizations who are willing to share their stories. A video services company would be hired to shoot, edit, and format video as directed.

PROJECTS CARRIED OVER FROM FY 2020

Streamlined Process for Small Subdivisions (\$40,000 carried over)

To help 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.

Fiscal Impact Study/Density Analysis (\$70,000 carried over)

Work will be completed on a study of the fiscal impact on municipalities of housing and other land uses that will help demonstrate the benefits and issues related to higher density development in a variety of municipalities.

North Country Housing Needs Study (\$30,000 carried over)

A study of housing needs in the North Country will be completed, supplemented with matching funds from the Neil and Louise Tillotson Fund.

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 2021	
	Plan	Deferred
<u>RESOURCES (\$ In Thousands)</u>		
Operating Funds	\$295	\$230
<u>PROGRAM USES (\$ In Thousands)</u>		
Resident Education and Assistance Program – Seacoast Mental Health	\$72	\$0
Municipal Technical Assistance Grants	\$125	\$0
Housing Action New Hampshire	\$20	\$0
Harvey Schwartz Housing Policy Education Fund	\$10	\$0
Supportive Housing Institute (CSH)	\$0	\$50
Supportive Housing Design Competition	\$0	\$30
William H. Craig Fellowship	\$8	\$0
Center for Ethics in Business and Governance	\$40	\$0
Small-Scale Developers Workshop and Bootcamp	\$0	\$50
Accessory Dwelling Unit Pre-Development Technical Assistance	\$0	\$50
Surplus Lands Initiative	\$0	\$50
Other	\$20	\$0

FY 2021 Program Narrative

Municipal Technical Assistance Grants (MTAG) (\$125,000 plan)

MTAG will continue to 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. Up to 10% of program funds may be used for sub-recipient administrative costs, and up to 10% of program funds may be used by sub-recipient to engage a partner to direct outreach and engagement activities in grantee communities. Grantee match requirements will be reduced from 25% to 15% of grant funds and will allow for in-kind match. Maximum grant amounts will be increased from \$20,000 to \$25,000.

Supportive Housing Institute (\$50,000 deferred)

The **Supportive Housing Institute** will continue to 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.

Center for Ethics in Business and Governance (CEBG) (\$40,000 plan)

CEBG of Saint Anselm College will be awarded the second installment of a three-year grant for an educational initiative titled "The Housing We Need." The initiative will focus on educating community decision-makers and others about the ways in which affordable housing can enhance their communities.

Small-Scale Developers Workshop and Bootcamp (\$50,000 deferred)

Although in FY 2020 the Board approved the establishment of a pre-development financing program for smaller housing developments, staff determined there is not currently sufficient demand for such a program. Staff recognized, however, there is need and opportunity for education for those who want to enter the residential development business. Staff proposes to engage a consultant, such as Incremental Development Alliance, to conduct workshops and trainings in this area and to provide scholarships for attendance. Funds could also be used more broadly as other opportunities are identified.

Accessory Dwelling Unit Pre-Development Technical Assistance (\$50,000 deferred)

Accessory Dwelling Units (ADUs) are recognized as an important way to add housing units incrementally with no public construction subsidies, and they allow for greater efficiencies in use of land and structures. One of the chief barriers to establishing ADUs, however, is the relative lack of experience of the homeowners regarding the permitting process, and private financing may be unavailable until permits are issued. This would establish a technical assistance program for homeowners to do pre-development work (architectural, engineering, permitting) for the construction of attached or detached Accessory Dwelling Units. Assistance could be structured as a deferred loan.

Surplus Lands Initiative (\$50,000 deferred)

Staff will work with NH Department of Transportation to develop and employ a simpler mechanism for transferring public lands to the Authority for the purpose of developing affordable housing. The existing process has been cumbersome and has yielded few realistic opportunities for housing development.

FY 2021
RESOURCE ALLOCATION PLAN

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY
FY 2021 Resource Allocation Plan*
New Commitments Only ⁽¹⁾
(\$ 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				185,000							185,000
Fannie Mae Program				36,000							36,000
Homebuyer Tax Credit										30,000 ⁽²⁾	30,000
Habitat for Humanity							75				75
Emergency Home Repair Loan	100										100
Special Initiatives	75						150				225
Program Outreach and Promotion	300										300
Accessibility Program	125										125
Homebuyer/Homeowner Education and Counseling	250										250
Manufactured Housing In-fill	0										0
- Management and Development Division											
Tax-Exempt Bonds	1,000		68,500		3,780	5,100				5,667 ⁽³⁾	84,047
9% LIHTC Competitive					2,520	520			700	42,860 ⁽⁴⁾	46,600
Supportive Housing Program						1,270			2,080		3,350
Construction/Bridge Lending Program										20,000 ⁽⁵⁾	20,000
Performance Based Contract Administration Program		53,500 ⁽⁶⁾									53,500
Section 811 Project Rental Assistance (PRA)		720 ⁽⁶⁾									720
Lead Hazard Abatement Program	291									2,186 ⁽⁷⁾	2,477

- (1) Does not include expenditures categorized as deferred.
(2) Represents use of converted tax-exempt bond volume cap.
(3) Represents equity raised from allocation of LIHTC.
(4) Represents equity raised from allocation of LIHTC and \$6M in Loan Participations.

- (5) Sourced from warehouse line-of-credit and Operating Revolving Construction Fund.
(6) Represents funds passed through under HUD contracts.
(7) Sourced from HUD and State Lead Funds.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY
 FY 2021 Resource Allocation Plan*
 New Commitments Only ⁽¹⁾
 (\$ Thousands)

PROGRAM ACTIVITY	Operating Fund	Section 8 Funding	Bond Proceeds	GNMA/ FNMA	HOME	AHF	HLT	FAF	HTF	Other	TOTAL
- Assisted Housing Division											
Housing Choice Voucher Program		33,842 ⁽⁸⁾									33,842
Emergency Housing Program	0										0
FSS Grants / Loans	6										6
Housing Counseling Program										144 ⁽⁹⁾	144
- Executive Division											
Research / Advocacy	290										290
Other Grants / Subsidies	295										295
TOTAL ALLOCATED:	2,732	88,062	68,500	221,000	6,300	6,890	225	0	2,780	100,857	497,346

(1) Does not include expenditures categorized as deferred.

(8) Represents calendar year 2020.

(9) Sourced from HUD